

No. 8/18/DASP

Jakarta, August 23rd, 2006

C I R C U L A R L E T T E R

Concerning: Amendment on the Circular Letter of Bank Indonesia no. 7/60/DASP dated December 30, 2005 regarding Customer Protection and Prudential Principles and Improvement of Security In Operating Card Based Payment Instrument Activities

In improving the implementation of chip technology on Operating Card Based Payment Instrument and considering that the Issuer and Acquirers of Operating Card Based Payment Instrument need more time in the preparation and development of means and facilities in implementing chip technology, it is considered necessary to make amendment to the schedule in conducting implementation of chip technology on the concerned Operating Card Based Payment.

With reference to the above mentioned subject, it is considered necessary to make amendment on the Circular Letter of Bank Indonesia no. 7/60/DASP dated December 30, 2005 concerning Customer Protection and Prudential Principles and Improvement of Security In Operating Card Based Payment Instrument Activities to become as follows:

1. The provision of point III.4 shall be amended to read as follows:
 4. The use of chip technology for Credit Cards, ATM Cards, Debit Cards, and Pre-paid Cards is obligatory with provisions as follows:

a. Credit....

a. Credit Cards

All credit cards issued in Indonesia either for both new cards or renewal of old cards are obliged to have used chip technology not later than December 31st, 2009.

b. ATM and Debit Cards

The date of implementation and standardization of chip technology for ATM and Debit cards will be determined in a separate Circular Letter of Bank Indonesia.

c. Prepaid Cards

The issuance of Prepaid cards requires the approval of Bank Indonesia and the use of chip technology is obligatory and the standardization will be determined in a separate Circular Letter of Bank Indonesia.

2. The provision of point III.5 shall be amended to read as follows:

5. The use of technology to enable processing of chip cards in CBPI system such as EDC, ATM, and back end system as an effort to improve system security, and the use of 6 digit PIN for transaction security shall be performed in stages as follows :

c. Acquirers must replace or improve security of all EDCs, ATMs, and back end systems provided so that all the EDCs, ATMs, and back end systems will be able to process transactions of payment cards using chip technology no later than 31 December 2009.

b. The obligation in replacing and improving security on all ATMs and back end systems, provided that all ATMs and back end systems will be

c. The date..

able to process transaction of payment card using chip technology shall be determined in a separate Circular Letter of Bank Indonesia.

c. The date of implementation for the use of 6 digit PIN for transaction security shall be determined in a separate Circular Letter of Bank Indonesia.

3. The provision of point III.6 shall be amended to read as follows:

6. In relation to the obligation to renew as referred to in number 4 and number 5, all Credit Cards issued by Issuers in Indonesia, including the transaction processing must be fully based on chip technology no later than 31 December 2009.

Provisions in this Circular Letter shall take effect starting from August 23rd, 2006.

For the public to be informed, it is ordered that this Circular Letter be promulgated by placing it in the State Gazette of The Republic of Indonesia.

Please be informed accordingly.

BANK INDONESIA,

EDI SISWANTO
DIRECTOR OF ACCOUNTING
AND PAYMENT SYSTEM